

SUBCHAPTER A—GENERAL REGULATIONS

PARTS 1800–1805 [RESERVED]

PART 1806—INSURANCE

Subpart A—Real Property Insurance

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EXHIBIT A TO SUBPART B OF PART 1806—COVERAGE AND PREMIUM RATES

EXHIBIT B TO SUBPART B OF PART 1806—SERVICING COMPANY

AUTHORITY: 5 U.S.C. 301; 7 U.S.C. 1989; 42 U.S.C. 1480.

Subpart A—Real Property Insurance

AUTHORITY: 7 U.S.C. 1989; 42 U.S.C. 1480; 42 U.S.C. 2942; 5 U.S.C. 301; delegation of authority by the Sec. of Agri., 7 CFR 2.23; delegation of authority by the Asst. Sec. for Rural Development, 7 CFR 2.70; delegations of authority by Dir., OEO 29 FR 14764, 33 FR 9850.

§ 1806.1 General.

(a) *Authority.* This subpart sets forth the policies and procedures regarding insurance requirements on real property which serves as security for a debt under the Multi-Family Housing Programs of the Rural Housing Service (RHS), herein referred to as the “Agency.” This subpart is inapplicable to Farm Service Agency, Farm Loan Programs.

(b) *Borrower to furnish insurance.* The real estate mortgage executed by the borrower provides that he will furnish and continually maintain and pay for insurance on buildings situated or constructed on the property with companies, in amounts, and on terms and conditions satisfactory to RD until the loan is repaid.

(c) *Borrower’s selection of company.* The borrower may select the insurance company provided that the company and insurance policy comply with all the requirements set forth in this Instruction.

(d) *Responsibility.* The County Supervisor is responsible for taking all actions in connection with insurance as may be necessary to protect the security interest of RD. Any unusual situation that may arise with respect to obtaining or servicing insurance should be referred to the State Director. The State Director will refer any questions of a legal nature to the Office of the General Counsel (OGC).

(e) *Use of Form RD 426-1, “Valuations of Buildings.”* The minimum insurance required will be indicated in the appraisal report by the employee who makes the appraisal of property that includes insurable buildings. In the case where no real estate appraisal is required or the appraisal report does not indicate the minimum insurance coverage, Form RD 426-1 will be prepared by the County Supervisor. Reevaluation of the buildings will not be done on appraisal reports; however, when new buildings are constructed or values increase or decrease materially and reevaluation is necessary to properly reflect the buildings’ security interest of RD, the County Supervisor will prepare or revise Form RD 426-1 as appropriate. Changes made on an existing Form RD 426-1 will be dated and initialed. The reason for any deletion will be noted on the Form.

[41 FR 34571, Aug. 16, 1976, as amended at 61 FR 59777, Nov. 22, 1996; 72 FR 64121, Nov. 15, 2007; 80 FR 9864, Feb. 24, 2015]

§ 1806.2 Companies and policies.

Property insurance policies or other evidence of insurance will be accepted